BRITISH COLUMBIA
The Best Place on Earth

BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 07-50 December 14, 2007

- **BC's exports fall 0.5% in October**
- **Sales of manufactured goods in BC increased 1.9% in October**
- **Housing prices soar 6.2% in Vancouver since October 2006; up 0.7% in Victoria**

The Economy

- **The total value of exports of BC products declined for a sixth straight month (-0.5%, *seasonally adjusted*) in October.** Increases in the value of exported forestry products (+3.8%) and energy (+2.8%) were overshadowed by a decline in exports of agriculture & fishing (-9.3%), machinery & equipment (-3.9%) and industrial and consumer goods (-3.8%). Exports to the US (-2.7%) were down, primarily in agriculture & fishing products, which fell 11.7% from the previous month. On the other hand, exports to other countries (+3.1%) rose with an increase in demand for BC's forest products (+20.7%).

  Canadian exports slipped (-0.2%) in October, as forest product exports (-1.4%), along with industrial (-1.8%), automotive (-2.7%) and agriculture & fishing (-3.9%) products fell. Exports of energy (+5.1%) and consumer goods (+2.8%) increased, while the value of exported machinery & equipment was virtually unchanged.

  Data Source: Statistics Canada & BC Stats

- **Sales of goods manufactured in BC rose 1.9% (*seasonally adjusted*) in October as sales of non-durable goods advanced (+3.6%).** Chemical producers (+21.0%) experienced a month of double-digit growth in sales and was joined by paper (+7.2%) and beverage & tobacco (+5.2%) producers to round out the industries that made the biggest gains. Sales of durable goods (+0.3%) finished marginally higher as a decrease in revenues among producers of primary metals (-12.2%), transportation equipment (-6.3%) and wood products (-1.7%) nearly wiped out gains made by machinery (+10.9%), fabricated metal (+8.4%) and non-metallic mineral (+2.8%) industries.

  Nationally, sales of manufactured goods inched higher (+0.1%) as the provinces report mixed results in October. Sales were down sharply in Newfoundland & Labrador (-20.1%) and Manitoba (-6.7%) while New Brunswick (+7.1%), Nova Scotia (+4.6%) and British Columbia (+1.9%) all posted solid increases.

  Data Source: Statistics Canada

- **As of March 31, 2006, British Columbia's general government net financial debt was $16.2 billion ($3,770 per capita), down 15.5% from the same time in 2005.** Overall, the net financial debt of provincial and territorial general governments was $253 billion ($7,776 per capita), a 2.3% decrease from 2005, and a 15-year low at 17.7% of total gross domestic product. Alberta, with a net financial debt of -$27.6 billion, along with Yukon (-$336 million) and Northwest Territories (-$96 million) were the only provincial and territorial governments where the value of assets exceeded that of liabilities. *Data Source: Statistics Canada*

> *Note to Readers*
>
> *These debt figures are derived from the Financial Management System and differ from information presented in the Public Accounts. The data have been adjusted to ensure comparability across provinces, and use a definition of provincial and territorial general government which includes all activities of government whether they are performed by ministries or by "arm's length" agencies (such as the Workers' Compensation Board).*

Official Language Minorities

- **The use of English in day-to-day life appears to be more widely used among Quebec's adult English-speaking minority than the use of French among adult French-speaking minorities outside of Quebec in 2006.** When it comes to accessing health care services, English appeared to be the predominant language. Within Quebec, nearly three-quarters (72%) of English-speaking adults reported that English was the only language used with their family physician,

Report Is Cross-Border Shopping Making a Comeback?

Did you: know...
There are about 2,500 Christmas tree farms in Canada. Almost half (49%) are found in Ontario and British Columbia. *Data Source: Statistics Canada*

while slightly more than one-third (35%) of French-speaking adults outside of Quebec reported that French was primarily used to communicate with their family doctor. The principal reason cited for this disparity was the lack of qualified professionals who spoke in their minority language.

With respect to perceptions about the vitality of their minority language, French-speaking adults outside of Quebec were more optimistic than their English-speaking counterparts within Quebec. Whereas only one-quarter of the former thought that use of their minority language in the community would likely decline within the next 10 years, more than one-third (36%) of the latter believed the same. The vast majority of both French-speaking adults outside of Quebec (89%) and English-speaking adults within Quebec (95%) considered it important that their linguistic rights be respected in their home province. *Data Source: Statistics Canada*

Education

- **The percentage of BC post-secondary students who borrowed from government student loan programs to finance their education increased from 1995 to 2000.** The proportion of college graduates with student loan debt rose from 28% in 1995 to 44% in 2000, while the prevalence of government loans for university students was also higher in 2000 (50%) compared to five years earlier (42%). However, average student loan debt in BC declined during this period. College graduates borrowed $9,900 in 2000, a 12% decrease from 1995 ($11,200), and university students who graduated in 2000 owed ($16,100) 3% less than their 1995 counterparts ($16,600).

  At the national level, the proportion of college and university graduates with student loans was relatively stable from 1995 to 2000, while student loan debt increased over this five-year period. The average debt load of college graduates was 21% higher in 2000 ($11,700) compared to 1995 ($9,700). In addition, university graduates in 2000 ($16,200) owed 26% more than the 1995 cohort ($12,900). *Data Source: SC Cat. # 81-582-XIE*

Health

- **BC physicians received an average of $238,000 in gross fee-for-service payments in 2005-06, which was lower than the national average ($250,000).** Based on physicians who received at least $60,000 in such payments, surgical specialists ($361,000) recorded the highest earnings, including ophthalmologists ($567,000), urologists ($412,000) and thoracic/cardiovascular surgeons ($368,000). Physicians with a medical specialty, such as neurology, pediatrics and dermatology, received $252,000 on average in fee-for-service payments, and the gross billings for family medicine physicians were $201,000 in 2005-06.

Data Source: Canadian Institute for Health Information (CIHI)

Housing

- **Housing prices in the province's largest urban centres continued to advance in October compared to the same month of 2006.** Victoria's New Housing Price Index was up (+0.7%), while Vancouver housing prices rose 6.2% from October 2006 to October 2007 due to increased costs of labour and materials.

  Nationally, the cost of new housing climbed 6.1% in October, driven by higher land (+7.4%) and building (+5.7%) prices. Saskatoon led the country with the largest year-over-year increase (+47.9%) and prices also surged in Regina (+29.5%), Edmonton (+24.3%) and Winnipeg (+15.5%). Windsor (-2.6%) was the only city in Canada to record a decrease in new housing prices. *Data Source: Statistics Canada*

The Nation

- **The dollar value of Canada's natural resources, including energy, mineral and timber reserves, increased an average of 10% between 1997 and 2006.** Energy resources, accounting for more than half (57%) of total natural resource wealth, provided much of the growth in the value of natural resources as prices soared an average of 12% each year between 1997 and 2006. Mineral resources (19%) saw prices rise an average of 7%, while prices for timber (24%) advanced 2%. Offsetting the surge in resource prices was a rapid increase (+10%) in extraction costs, largely due to Canada's tight labour market.

Data Source: Statistics Canada

Infoline *Issue: 07-50*
December 14, 2007

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database, otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Dan Schrier
(250) 387-0376
Originally published in
Exports Issue 07-09

Is Cross-Border Shopping Making a Comeback?

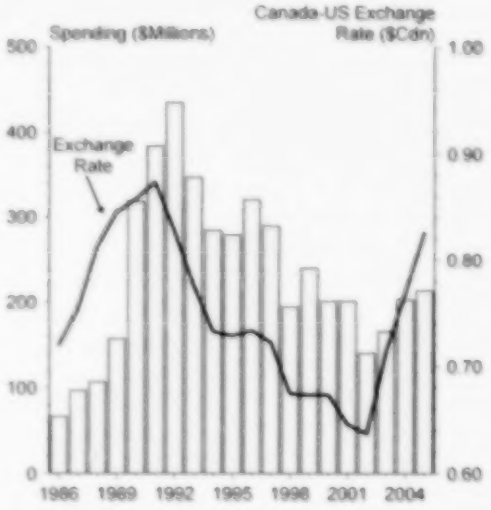
The Canadian dollar hit par with the US greenback in September and has since climbed even further, reaching its highest value relative to the US dollar since the currency was floated. The soaring loonie should be positive news for consumers as a higher Canadian dollar translates to increased buying power for goods imported from the United States; however, Canadian retailers have been slow to respond to the appreciation in Canada's currency with lower prices for consumers.

The stickiness of Canadian prices has prompted federal Finance Minister Jim Flaherty to criticize retailers and urge them to reduce prices. The Retail Council of Canada rebuked Mr. Flaherty for his comments, suggesting that the price differential between Canada and the US was due not only to exchange rate differences, but also other factors, such as shipping costs and duties. Canadian retailers claim that their costs are higher than their American cousins and this is reflected in higher prices in Canada.

This may be true, but consumers face some of these costs as well and a large retail chain presumably has more purchasing power than a single consumer and can effectively get a better price from manufacturers than the consumer. Given this, and assuming most consumers take costs such as shipping and duties into consideration before purchasing goods from the United States, the fact that consumers can still get significantly better deals south of the border indicates that Canadian retailers are charging Canadian consumers too much of a premium.

In cases of big ticket items such as automobiles, the difference can amount to thousands of dollars, making the cross-border purchase more than worthwhile. The reluctance on the part of Canadian wholesalers and retailers to adjust their prices could be costly if Canadians decide it is worth the effort to shop across the border. In BC, there is a clear relationship between the relative value of the Canadian dollar and the amount of money spent by British Columbians on same-day trips to the United States. Spending rises when the dollar rises against its US counterpart and falls when the dollar depreciates. With approximately 60% of BC residents living within 50 kilometres of the United States border (excluding Vancouver Island residents, for whom a trip to the US is not quite as convenient), this fact should be cause for some concern to BC retail outlets.

Spending by British Columbians making same-day trips to the US generally rises when the Canadian dollar is higher and falls when the loonie is down



Source: Statistics Canada

BC Stats, Box 9410 Stn Prov Govt, Victoria, BC V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: bcstats.infoline@gov.bc.ca

Nevertheless, it appears that the run-up of the Canadian dollar to par with the US greenback has not been enough of an enticement to draw many British Columbians to shop south of the border. Same-day visits to the United States, which are most often used as a proxy for cross-border shopping, have not followed historical patterns. The rapid rise in the loonie has not been accompanied by waves of value-conscious BC shoppers seeking deals in the United States as was the case in the early 1990s. After 9/11, the number of same-day visits by British Columbians to the US plummeted and although they have been trending up since that time, same-day visits (and visits in general, for that matter) are still well below pre-9/11 levels. Given that the Canadian dollar was near its low point at that time, it would appear that the increased hassle of crossing the border as a result of enhanced security measures is outweighing the lure of cheaper retail goods.

Same-day visits by British Columbians to the US fell dramatically after 9/11 and have never recovered, even with the exchange rate near par

Source: Statistics Canada

One factor that might be affecting the volume of cross-border shoppers is the growth in online shopping. E-commerce spending by Canadian households more than doubled from $3.0 billion in 2003 to $7.9 billion in 2005. British Columbians were responsible for 17% of that 2005 figure, or just under $1.4 billion. Approximately 40% of those purchases were from companies in countries outside of Canada.

Despite the growth, at just over 1%, e-commerce still represents only a small portion of overall consumer spending. Even though Canadians are among the heaviest users of the Internet, e-commerce has yet to take off. This could be due to a lack of Canadian retailers online, security concerns revolving around the use of credit cards online, or perhaps the additional expense associated with shipping the goods. However, if the price differential between Canada and the US remains significant, it is possible that more Canadians will go online to shop for goods. A positive experience with shopping over the Internet could result in a permanent change in behaviour, which could further harm Canadian retailers, or at least force more of them to have a presence on the Internet.

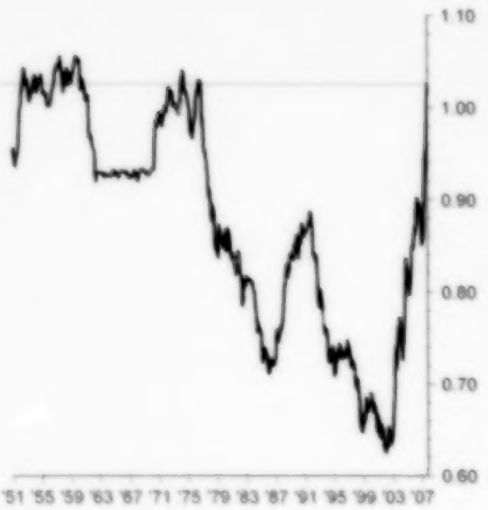
The most recent growth spurt in the value of the loonie relative to the US dollar may have already sparked a surge in Internet purchases. Canada Post and Canada Border Services have recently had to deal with unusually large volumes of goods from the United States ordered over the Internet by Canadian customers, which has created backlogs and delays.

This is a sign that now that the Canadian dollar is worth more than its American counterpart, Canadians are becoming less likely to accept large price differentials. Consumers who had been fairly complacent prior to the dollar reaching par are waking up to the fact

that they are paying far more for some goods than they would if they were buying in the United States. The point where the loonie reached par with the greenback seems to have been a psychological tipping point for Canadian consumers. Canada's dollar has not been at par with the US dollar since the mid-1970s and most Canadians have been used to seeing goods in Canada priced higher than those in the United States simply due to the higher value of the greenback. Now that the Canadian dollar is worth more, it isn't as easy for Canadians to accept higher prices.

While retailers may have valid reasons for higher prices in Canada, ultimately the consumer will decide where to buy based on where they can find the best value. For some consumers, shopping across the border may not be worth the hassle even if there is a cost savings to be had, while for others, the savings will outweigh all else. In the end, the marketplace should decide what the fair price for goods is and if Canadian retailers are unwilling or unable to adjust their prices, they may find their customer base shrinking. Some retailers, such as Wal-Mart and Chapters Indigo, have already responded to the higher Canadian dollar by accepting the lower of the US or Canadian dollar price on items such as books and greeting cards. Time will tell if others follow their lead.

The Canadian dollar is at its highest monthly average since the mid-1970s



Source: Statistics Canada

Infoline

December 14, 2007
Issue 07-50

Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Jul 1/07	% change on one year ago
BC	4,380.3	1.4
Canada	32,976.0	1.0
GDP and INCOME (Revised Nov 8)		
(BC - at market prices)	2006	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	180,328	6.4
GDP *($ 2002 millions)*	158,335	3.3
GDP *($ 2002 per Capita)*	36,649	1.9
Personal Disposable Income *($ 1997 per Capita)*	23,996	5.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Oct	3,589	1.9
Merchandise Exports - Oct	2,404	-0.5
Retail Sales - Sep	4,730	0.1
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Oct 2007)	one year ago	% change
BC	1.6	1.8
Vancouver	1.8	2.2
Victoria	0.8	1.2
Canada	2.4	2.0
LABOUR FORCE (thousands)		
(seasonally adjusted)	Nov '07	% change on prev. month
Labour Force - BC	2,399	0.9
Employed - BC	2,298	1.1
Unemployed - BC	100	-3.3
		Oct '07
Unemployment Rate - BC *(percent)*	4.2	4.4
Unemployment Rate - Canada *(percent)*	5.9	5.8
INTEREST RATES (percent)	Dec 12/07	Dec 13/06
Prime Business Rate	6.00	6.00
Conventional Mortgages - 1 year	7.20	6.30
- 5 year	7.39	6.45
US-CANADA EXCHANGE RATE	Dec 12/07	Dec 13/06
(avg. noon spot rate) Cdn $ per US $	1.0107	1.1545
(closing rate) US $ per Cdn $	0.9870	0.8645
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Nov '07	% change on one year ago
BC	753.78	1.9
Canada	764.36	4.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

2006 Census Profiles

New! Both (A) and (B) series now live

We have profiles for approximately 1,700 different places. New for this cycle is the addition of a comparison area to help you identify which characteristics set a particular place apart from the 'norm'. Since we offer a choice between two comparison areas for each location, there are 3,400 profiles in all. The 'A' series profiles feature a comparison to BC, except FEDs are compared to their province and BC (province total) is compared to Canada. For 'B' series, comparisons are to Canada, except CSDs (municipalities, RD electoral areas and Indian Reserves) and DPLs (unincorporated places) are compared to their Regional District, and CTs (neighbourhoods) are compared to their CA/CMA (urban area).

www.bcstats.gov.bc.ca/data/cen06/profiles/detailed/choose.asp

Country Trade Profiles

Commodity trade profiles for 29 of British Columbia's key trading partners are now available online. The profiles, which contain data from multiple sources, will be updated whenever any of the sources is revised. Check them out at:

www.bcstats.gov.bc.ca/data/bus_stat/busind/trade/prf-index.asp

Released this week by BC Stats

- Exports, October 2007

Next week

- Consumer Price Index, November 2007
- Business Indicators, December 2007
- Current Statistics, December 2007
- Migration Highlights, 3rd Quarter 2007

BC Stats, Ministry of Labour and Citizens' Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: BCStats@gov.bc.ca